



**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Butler County Regional Transit Authority
Butler County
3045 Moser Court
Hamilton, OH 45011

To the Board of Trustees:

We have audited the accompanying financial statements of the Butler County Regional Transit Authority, Butler County, Ohio (the Authority), as of and for the year ended December 31, 2000. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

As discussed in Note 1, the Authority prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Authority as of December 31, 2000 and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Authority experienced a deficiency of disbursements over receipts. This deficiency and management's plan in regard to this matter is described in Note 9 to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2001 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the financial statements of the Government, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of management, Board of Trustees, federal awarding agencies and pass-through entities and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 10, 2001

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2000**

Cash Receipts:	
Intergovernmental - Federal	\$3,217,110
Intergovernmental - State	300,000
Intergovernmental - County	129,000
Charges for Services	1,566,668
Other Revenue	<u>44,772</u>
 Total Cash Receipts	 <u>5,257,550</u>
Cash Disbursements:	
Salaries	1,919,976
Supplies and Materials	164,108
Purchased Services	403,483
Rent	92,163
Capital Outlay	3,050,743
Other Disbursements	<u>153,624</u>
 Total Cash Disbursements	 <u>5,784,097</u>
 Total Receipts Over/(Under) Disbursements	 <u>(526,547)</u>
Other Financing Receipts/(Disbursements):	
Sale of Notes	<u>500,000</u>
 Total Other Financing Receipts/(Disbursements)	 <u>500,000</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 <u>(26,547)</u>
 Cash Balances, January 1	 <u>79,801</u>
 Cash Balances, December 31	 <u><u>\$53,254</u></u>
 Reserved for Encumbrances	 <u>\$579,681</u>

The notes to the financial statement are an integral part of this statement.

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**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Butler County Regional Transit Authority, Butler County (the Authority), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Authority is directed by a nine member Board, appointed by the Board of County Commissioners of Butler County. The Authority is responsible for the safe and efficient operation and maintenance of regional transportation.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Budgetary Process

The Ohio Revised Code requires a budget to be completed annually and approved by the Board of Trustees by July 15 of the preceding year.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the Authority to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Authority did not encumber all commitments required by Ohio law.

A summary of 2000 budgetary activity appears in Note 3.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fiscal Agent

Butler County Auditor is the Authority's fiscal agent. The County maintains Authority funds in the County's cash pool as an agency fund.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Authority.

2. EQUITY IN CASH AND DEPOSITS

Butler County maintains a cash pool for all of its funds, including those of the Authority. The Ohio Revised Code prescribes allowable deposits. The Authority's carrying amount of cash on deposit at December 31, 2000 was \$53,254.

Butler County is responsible for maintaining adequate depository collateral for all funds in the County's pooled cash and depository accounts.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$ 6,262,100	\$ 5,757,550	\$ (504,550)
2000 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$ 6,341,514	\$ 6,363,778	\$ (22,264)

Contrary to Ohio law, expenditures plus encumbrances exceeded available resources in fiscal year 2000.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

4. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Revenue Anticipation Note	\$ 500,000	5.00%

The Authority is obligated for a note payable to Firststar Bank. The note matures on December 31, 2001 and is payable on this date including interest. The note is in anticipation of revenue during fiscal year 2001. According to the debt agreement, a separate fund and a separate account is to be established for the proceeds of the note. A separate fund and a separate account were not established.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:		Revenue Anticipation Note
2001	\$	530,548

5. RETIREMENT SYSTEM

The Authority's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000, PERS members contributed 8.5% of their gross salaries. The Authority contributed an amount equal to 10.84% in 2000 of participants' gross salaries. The Authority has paid all contributions required through December 31, 2000.

6. REVENUE FROM BUTLER COUNTY

During fiscal year 2000, \$129,000 was transferred from Butler County to the Authority per a verbal agreement the Authority had with Butler County. This transaction is reflected on the financial statements as Intergovernmental Revenue

7. RISK MANAGEMENT

The Authority belongs to the Ohio Transit Insurance Pool (the "Pool"), an unincorporated non-profit association with many governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

7. RISK MANAGEMENT (Continued)

The Pool provides property, liability, errors and omissions, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Pool pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Pool uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. SIGNIFICANT EVENTS

During fiscal year 2000, the Authority significantly expanded its operations to serve all of Butler County. This increased service resulted in a significant increase in costs which were not offset by a corresponding increase in revenue. In October 2000, the Authority entered into a Revenue Anticipation Note for \$500,000 to cover its cash flow deficit until its federal reimbursement is received. However, the Authority must repay the note with interest in 2001.

In May 2001, the Authority had an unsuccessful tax levy on the ballot. The Authority implemented layoffs to reduce expenditures. The Authority placed the tax levy on the November 2001 ballot.

Management has a budget in place and a plan in place if the levy does not pass. Management will reduce its operations to provide service for only its contracts with the Butler County Job and Family Services. Management also plans on pursuing the local governments for financial support as has been provided in fiscal year 2000 per agreements with these governments to be able to keep services in operation for residents.

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

U.S. DEPARTMENT OF TRANSPORTATION

Federal Transit - Formula Grants	OH-90-X353-00	20.507	\$1,041,372
	OH-90-X332-00	20.507	2,081,908
<i>Passed through the Ohio-Kentucky-Indiana Regional Council of Governments</i>			
Federal Transit - Formula Grants	OH-37-X007-00	20.507	<u>143,430</u>
Total Federal Transit - Formula Grants			3,266,710
<i>Passed through the Ohio Department of Transportation</i>			
Federal Transit: Capital Investment Grant	N/A	20.500	<u>387,526</u>
Total Federal Financial Assistance			<u><u>\$3,654,236</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Regional Transit Authority's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the Regional Transit Authority contribute non-Federal funds (matching funds) to support the Regional Transit Authority Federally-funded programs. The Regional Transit Authority has complied with the matching to support the requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Butler County Regional Transit Authority
Butler County
3045 Moser Court
Hamilton, OH 45011

To the Board of Trustees:

We have audited the accompanying financial statements of the Butler County Regional Transit Authority, Butler County, Ohio (the Authority), for the year ended December 31, 2000, and have issued our report thereon dated October 10, 2001 which addresses the Authority's plan to continue operations without a levy. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-60409-001 through 2000-60409-003.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Authority in a separate letter dated October 10, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Authority's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-60409-002 and 2000-60409-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

We also noted other matters involving internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Authority in a separate letter dated October 10, 2001.

This report is intended solely for the information and use of management, Board of Trustees, federal awarding agencies and pass-through entities and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 10, 2001



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Butler County Regional Transit Authority
Butler County
3045 Moser Court
Hamilton, OH 45011

To the Board of Trustees:

Compliance

We have audited the compliance of the Butler County Regional Transit Authority, Butler County, Ohio (the Authority), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000. However, we noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of the Authority in a separate letter dated October 10, 2001.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Butler County Regional Transit Authority
Butler County
Report on Compliance With Requirements Applicable to Each Major
Federal Program and Internal Control Over Compliance
In Accordance With OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We have audited the general-purpose financial statements of the Authority as of and for the year ended December 31, 2000, and have issued our report thereon dated October 10, 2001 which addresses the Authority's plan to continue operations without a levy. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Trustees, federal awarding agencies and pass-through entities and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 10, 2001

**BUTLER COUNTY REGIONAL TRANSIT AUTHORITY
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

DECEMBER 31, 2000

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Federal Transit Cluster (20.500/20.507)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2000-60409-001

Noncompliance Citation

Resolution 27-00, Section 7, requires that a special account, designated as the Current Revenue Note Special Account 2001-1, be established in the Bond Retirement Fund, into which there shall be paid moneys to pay the principal of and interest on the Notes. The required fund and account were not established by the Regional Transit Authority. We recommend the Regional Transit Authority review the debt agreement and follow all requirements.

Finding Number 2000-60409-002

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.36, requires all subdivisions to request reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be less than the amount in the official certificate of estimated resources, and that expenditures or the incurrence of obligations will be greater than actual resources. The intent of this requirement is to require the fiscal officer to reduce the certificate when it appears that budgetary resources will fall short of earlier estimates, reducing the possibility that deficit spending will occur.

At December 31, 2000 The actual receipts were below estimated receipts, and actual disbursement plus encumbrances exceeded actual resources, for the Regional Transit Authority, in the amount of \$526,427. However, the variance did not result in a negative cash fund balance.

We recommend the Regional Transit Authority review the Ohio Revised Code and be aware of the budgetary requirements and follow the required laws.

Finding Number 2000-60409-003

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

**Finding Number 2000-60409-003
(Continued)**

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000 dollars, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees, if such expenditure is otherwise valid.

Of the transactions reviewed, sixty-eight percent were not properly certified as to the availability of funds at the time of the commitment and they did not meet the exceptions provided in the Code.

We recommend the Regional Transit Authority commit the funds at the time when it is known a good or service will need to be ordered.

3. FINDINGS FOR FEDERAL AWARDS

None.



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BUTLER COUNTY REGIONAL TRANSIT AUTHORITY

BUTLER COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2001**